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13 Proposed Attorneys for The Roman Catholic
14 Archbishop of San Francisco

15 UNITED STATES BANKRUPTCY COURT

16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

17
18 In re
19 THE ROMAN CATHOLIC ARCHBISHOP
OF SAN FRANCISCO,

20 Debtor and
21 Debtor in Possession.

Case No. 23-30564

Chapter 11

**DECLARATION OF JOSEPH J.
PASSARELLO IN SUPPORT OF
DEBTOR IN POSSESSION'S
EMERGENCY MOTION TO CONTINUE
INSURANCE PROGRAMS**

23 Date: August 24, 2023
24 Time: 1:30 p.m.
Location: Via ZoomGov
25 Judge: Hon. Dennis Montali

Hearing Requested on Shortened Time

26
27 I, Joseph J. Passarello, hereby declare under penalty of perjury as follows:
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1 1. I am the Chief Financial Officer (“CFO”) of The Roman Catholic Archbishop of San
2 Francisco, the debtor and debtor in possession herein (“RCASF” or the “Debtor”). I have been the
3 CFO of the RCASF since January 2014. Before that, I have been the CFO for several other
4 companies including Serena Software, Aptina Imaging, AMI Semiconductor, and Therma-Wave,
5 Inc. I have a Master of Business Administration from Santa Clara University and a Bachelor of
6 Science in Economics and Business Administration from St. Mary’s College. In the course and
7 scope of my duties as CFO, I am familiar with the record keeping practices and policies of the
8 RCASF and how it regularly maintains its business records.

9 2. All facts set forth in this Declaration are based on my personal knowledge, upon
10 information supplied to me by people who report to me, upon information supplied to me by the
11 RCASF’s professionals and consultants, upon my review of relevant documents, or upon my opinion
12 based on my experience and knowledge regarding the RCASF’s operations, financial condition, and
13 related business issues. The documents submitted herewith, referenced herein or otherwise relied
14 upon by me for purposes of this Declaration are the business records of the RCASF, prepared and
15 maintained in the ordinary and regularly conducted business activity of the RCASF, and used by me
16 for those purposes. If I were called upon as a witness, I could and would testify competently to the
17 facts set forth herein, and I am authorized to submit this Declaration on behalf of the RCASF.

18 3. I make this declaration in support of Debtor’s *Emergency Motion to Continue*
19 *Insurance Programs* (the “Motion”). I give capitalized terms not otherwise defined in this
20 Declaration the same meanings given to them in the Motion.

21 4. As further discussed in my Background Declaration in support of RCASF’s Petition
22 and First Day Motions, the RCASF provides certain administrative services and pooling
23 arrangements for the various components of the RCASF, as well as for certain “Insurance
24 Participating Entities” pursuant to certain service management agreements (collectively, the
25 “Services Agreements”) with certain of the Insurance Participating Entities, and otherwise pursuant
26 to policy as to other Insurance Participating Entities. The RCASF receives fees for the services the
27 RCASF provides under the Services Agreements. The Insurance Participating Entities included in
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1 the insurance programs are the Parishes, Schools, CASC, RPSC, Seminary, Cemeteries and the
2 Catholic Charities.

3 5. In the ordinary course of business, the Debtor maintains various forms of insurance
4 coverage (“Insurance Coverage”) for itself and the Insurance Participating Entities. In order to
5 maintain appropriate and cost-effective Insurance Coverage, the Debtor maintains certain insurance
6 policies and participates in a risk-sharing pool (the “Insurance Programs”).

7 6. The Debtor and the Insurance Participating Entities are insured for property, general
8 liability/casualty, equipment breakdown, terrorism, special crime, students’ and volunteers’
9 accident, cybercrime, fiduciary and excess liability coverage through multiple third-party insurers.

10 7. The Debtor’s property insurance, subject to certain terms, coverage limits and
11 exclusions, is provided by Allied World Assurance Company, Golden Bear Insurance Company,
12 Westchester Surplus Lines Insurance, Lexington Insurance Company (AIG), Landmark Insurance
13 Company (RSUI), Evanston Insurance Company (Markel), Arch Re, Aspen Re, AXIS Capital
14 Insurance, Kinsale Insurance Company, Teas, Palms Insurance, General Star National Insurance
15 Company, Lloyd’s of London, Mitsui Sumitomo Insurance Company, Great American Insurance
16 Group, and Homeland Insurance Company (collectively, the “Property Insurers”). The collective
17 annual premiums to provide property coverage for RCASF and the Insurance Participating Entities
18 through the Property Insurers for the coverage year beginning July 1, 2023, is \$2,167,444.

19 8. The Debtor’s casualty insurance, subject to certain terms, coverage limits and
20 exclusions, is provided by (i) The National Catholic Risk Retention Group (SML, E&O, D&O, EBL
21 & SBLL), (ii) Berkley Insurance company (E&O, D&O, EBL, SBLL), (iii) Allied World Assurance
22 Company (GL & AU only), (iv) Great American Insurance Group (GL & AU only), and (v) Liberty
23 Mutual Insurance (GL & AU only) (collectively, the “Casualty Insurers”). The collective annual
24 premiums to provide casualty coverage for itself and the Insurance Participating Entities through
25 the Casualty Insurers for the coverage year beginning July 1, 2023, is \$2,162,892.

26 9. Subject to certain terms, coverage limits and exclusions, the Debtor maintains
27 ancillary insurance policies for itself and the Insurance Participating Entities (the Catholic Charities
28 maintains separate ancillary coverages) as follows: (i) The Hartford Insurance Company provides

1 equipment breakdown coverage (ii) Beazley Insurance provides terrorism coverage, (iii) Travelers
2 Insurance provides special crime coverage, (iv) QBE Insurance Group provides students and
3 volunteer accident coverage, (v) Beazley Insurance provides cyber coverage, (vi) Chubb Corp.
4 provides crime coverage, and (vii) Travelers Insurance provides fiduciary coverage (collectively,
5 the “Ancillary Insurers”).

6 10. The collective annual premiums to provide insurance coverage for the Debtor and
7 the Insurance Participating Entities through the Ancillary Insurers for the coverage year beginning
8 July 1, 2023, is approximately \$306,000.

9 11. Subject to certain terms, coverage limits and exclusions, GuideOne Insurance
10 provides workers’ compensation coverage for the Debtor and the Insurance Participating Entities.
11 The premiums for workers’ compensation coverage are paid quarterly for the coverage year
12 beginning January 1, 2023, is approximately \$1,050,000.

13 12. AJ Gallagher provides risk management and other insurance brokerage and support
14 services, including a team of account executives and advocates, for the Debtor and Insurance
15 Participating Entities. The annual service fee (the “Risk Management Fee”) for these risk
16 management services is negotiated and paid annually with the Risk Management Fee for the
17 coverage year beginning July 1, 2023, paid pre-petition. The Risk Management Fee is necessary as
18 the risk management services provided by AJ Gallagher are necessary for the Debtor and the
19 Insurance Participating Entities to properly evaluate, select and continue to receive coverage, as well
20 as to address insurance issues that may arise during a policy period. The Risk Management Fee can
21 be provided upon request, if needed, in a manner that would address potential proprietary
22 confidentiality.

23 13. The Debtor and the Insurance Participating Entities also receive services from
24 Gallagher Bassett Services as a third-party administrator to address and evaluate property insurance
25 claims. Among other things, Gallagher Bassett provides estimates for claims and related expenses.
26 The fees for these services are included in the Gallagher Risk Management Fee.

27 14. The Debtor and the Insurance Participating Entities also receive services from
28 George Hills Company as a third-party administrator to address and evaluate liability claims

1 including auto liability and sexual misconduct. Among other things, George Hills Company
2 provides estimates for claims and related expenses. The annual service fee (the “GH Management
3 Fee”) for these third-party administrator services is negotiated every three years and paid annually
4 with the GH Management Fee for the coverage year beginning July 1, 2023, paid pre-petition. The
5 GH Management Fee can be provided upon request, if need, in a manner that would address potential
6 proprietary confidentiality.

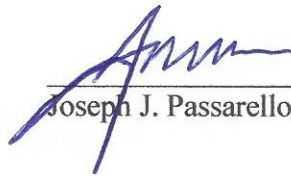
7 15. The Debtor is required to pay deductibles and other out-of-pocket costs up to certain
8 amounts on a per-occurrence basis (“Insurance Deductibles”). The property and general
9 liability/casualty policies for the Debtor provide for a self-insurance or retention levels of \$250,000
10 to cover any such costs and generally pays the first \$250,000 of out-of-pocket expenses for any
11 claims made by the Debtor. The Insurance Participating Entities other than Catholic Charities and
12 the Seminary pay a \$2,500 deductible for each of their respective claims and the RCASF pays the
13 balance of the Insurance Deductibles. Catholic Charities and the Seminary pay for their own
14 Insurance Deductibles separately. For the coverage year ending June 30, 2023, the Debtor paid
15 approximately \$1.6 million in Insurance Deductibles and out-of-pocket costs related to various
16 claims covered by the Insurance Programs.

17 16. The Debtor pays the premiums for the Insurance Coverage, any Insurance
18 Deductibles, and any service fees and other fees related to the Insurance Programs and recovers a
19 portion of such payments by billing each Insurance Participating Entity an allocated portion of the
20 total cost for such Insurance Coverage. The amount billed to each Insurance Participating Entity
21 takes various factors into account to fairly allocate costs and risk and ensure sufficient funding. For
22 example, AJ Gallagher prepares invoices allocating the premiums for property insurance based upon
23 square footage of the buildings insured. In addition to its allocated premiums, the RCASF includes
24 in each Participating Entity’s an administrative fee to recover certain costs, including broker’s fees,
25 property related services, legal, finance, human resources, security, child safety protection, and to
26 account for retention and self-insurance coverages. The allocations and billing to the Insurance
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1 Participating Entities generally occurs in October or November of each year¹ and is remitted to
2 RCASF by each Participating Entity over the course of the year. Although the timing of the
3 payments received from the Participating Entities varies, the full amount billed is due by the end of
4 June each year.

5 17. Currently, there are outstanding deductible payments due for pre-petition events,
6 which, pursuant to the Debtor's current insurance policies, that the Debtor expects its insurers to
7 demand payment of as a condition of continued coverage in the amount of approximately \$1.2
8 million. Of this amount, approximately \$330,000 of insurance contributions, deductibles, reserves
9 and service fees related to pre-petition events or claims may need to be paid within the first 30 days
10 after the Petition Date. It is likely that other deductible payments will come due for pre-petition
11 events as well. In the ordinary course of the Debtor's business and pursuant to the Insurance
12 Programs, these deductible payments are paid from the Debtor's self-insurance reserves.

13 I declare under penalty of perjury under the laws of the United States of America that the
14 foregoing is true and correct. Executed on August 19, 2023, at San Francisco, California.

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Joseph J. Passarello

28 ¹ Except that in 2023, the RCASF billed the Insurance Participating Entities in August 2023.